Benin’s economic freedom score is 59.8, making its economy the 84th freest in the 2023 Index. Its score is 1.2 points worse than last year. Benin is ranked 7th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

The lack of political momentum remains a serious obstacle to the implementation of necessary reforms. The most visible constraints on private-sector development are related to administrative complexities and the lack of respect for contracts. Bureaucratic inefficiency and corruption affect much of the economy, undermining the foundations of economic freedom.

**BACKGROUND:** One of Africa’s largest producers of cotton, the former French colony of Benin nevertheless remains underdeveloped and dependent on subsistence agriculture and regional trade. President Patrice Talon was reelected in 2021 after the government barred most opposition candidates from running; the opposition responded with violent protests. Benin has suffered a growing number of Islamist terrorist attacks in its northern regions. Government efforts to increase power generation capacity should stimulate economic growth. Expansion of the privately managed port of Cotonou, which accounts for approximately 60 percent of GDP, will further encourage growth by increasing port services to regional neighbors.
The overall rule of law is weak in Benin. The country’s property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.

The top individual and corporate tax rates are, respectively, 45 percent, and 30 percent. The tax burden equals 10.6 percent of GDP. Three-year government spending and budget balance averages are, respectively, 17.8 percent and –3.6 percent of GDP. Public debt equals 49.9 percent of GDP.

There is a system in place to enforce contracts, but it is inefficient, and enforcement is problematic. Benin’s labor code as revised in 2017 is more favorable to employers than employees. The most recent available inflation rate is 1.7 percent.

The trade-weighted average tariff rate is 12.1 percent, and nontariff measures are in force. Dynamic flows of foreign investment are constrained by persistent policy and institutional weaknesses. Despite the development of microfinance institutions, overall access to credit remains low.